

Maryland Catholic Conference_FAV_SB141.pdf

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Position: FAV



MARYLAND
CATHOLIC
CONFERENCE

January 25, 2023

Senate Bill 141
Income Tax - Subtraction Modification for Adoption Expenses - Alterations
Senate Budget and Taxation Committee

Position: Favorable

The Catholic Conference is the public policy representative of the three (arch)dioceses serving Maryland, which together encompass over one million Marylanders. Statewide, their parishes, schools, hospitals, and numerous charities combine to form our state's second largest social service provider network, behind only our state government.

Senate Bill 141 alters eligibility for and the amount of a subtraction modification under the Maryland income tax for a taxpayer who adopts a child during the taxable year.

SB 141 will allow for the subtraction from Maryland income tax for a taxpayer who adopts a child. There is no shortage of parents waiting to adopt, but often because of financial reasons, many are not able to adopt. The reasons for the high cost of adoption are complex and there is no single solution to reduce cost. A tax subtraction modification for adopting parents, however, is one thing that the state is capable of doing which would provide some relief to adopting parents.

SB 141 would help those who choose to adopt with financial assistance. As Pope Francis reminds us *"Adopting a child is an act of love, offering the gift of a family to someone who has none. It is important to insist that legislation help facilitate the adoption process"* (*Amoris Laetitia*, par 179). This bill will make the adoption process more affordable for those families who open their homes to a child in need.

The Maryland Catholic Conference supports this legislation and hopes that the general assembly will help provide financial assistance for those who choose to adopt.

For these reasons, the Maryland Catholic Conference asks for a favorable report on **SB 141**. Thank you for your consideration.

Testimony for SB0141_Adoptions Together_January 20

Uploaded by: Lisa Dominguez

Position: FAV



Senate Bill 0141- Income Tax-Subtraction Modification for Adoption Expenses-Alterations

Position: Favorable

January 25, 2023
Senate Budget and Taxation Committee

Adoptions Together appreciates the opportunity to comment in support of Senate Bill 0141. Adoptions Together serves birth parents, adoptees, families formed through adoption, kinship, or guardianship, and those in or at risk of involvement in the child welfare system in Maryland, Virginia, and Washington, DC. Since 1990 we have helped settle and sustain more than 15,000 families and children in birth, foster, kinship, guardianship, and adoptive families and have provided ongoing support through our counseling and educational programs.

Each year we work with over a hundred Maryland families through our domestic infant adoption program, foster care adoption program, and home study services who are choosing to grow their families through adoption. We know that caring for and supporting children in a family requires access to support and resources, and that the cost of adoption can create a significant financial burden for many Maryland families. In addition to access to high quality, trauma-informed, adoption competent services, we know that families are more stable when they have the financial resources to meet their needs.

Increasing the amount that can be deducted for families who adopt a child who is a state resident and no longer requiring that the deduction be used to only cover necessary adoption fees, court costs, attorney fees, and other expenses at the time of adoption is one way to help alleviate the significant expense that families face both before and after an adoption is finalized. We know that there is an urgent need for adoptive families in the state of Maryland, and it is essential that the cost of adopting does not pose a barrier for families interested in adopting. We also know that adding a child to any family comes with a significant cost, far beyond the cost of expenses needed to finalize an adoption.

We thank Senator Elfreth for her support of this bill, and hope that Maryland's families can receive the financial support needed to make adoption possible and ensure that adoptive families have the resources they need to thrive.

For additional information, please contact:

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Elfreth_FAV_SB0141.docx.pdf

Uploaded by: Sarah Elfreth

Position: FAV

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Budget and Taxation Committee

Subcommittees

Capital Budget

Pensions

Chair, Public Safety,
Transportation, and Environment

Joint Committee on the Chesapeake and
Atlantic Coastal Bays Critical Area

Chair, Joint Subcommittee on
Program Open Space/Agricultural
Land Preservation

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

January 25th, 2023

**Testimony in Favor of SB0141
Income Tax - Subtraction Modification for Adoption Expenses - Alterations**

Chairman Guzzone, Vice-Chair Rosapepe, & members of the Budget and Taxation Committee,

I respectfully request a favorable report of Senate Bill 141, which would increase the subtraction modifications offered to Marylanders who adopt children.

Maryland has fairly minimum levels of adoption of roughly 300 adoptions per year: however, there are over 4,000 children in out-of-home care¹ in our State. Additionally, the subtraction modification currently offered has not been raised in years or kept pace with inflation. The combination of both the lack of this subtraction modification keeping up with inflation and the rate of adoptions not keeping up with the amount of children we have in out-of-home care has led to the introduction of this bill.

This legislation will further support families who choose to adopt by:

1. Increasing, from \$6,000 to \$12,000, the subtraction modification for the adoption of a child with special needs.
2. Increasing, from \$5,000 to \$10,000, the subtraction modification for the adoption of a child without special needs.

Additionally, this legislation will remove the difference in current law that provides a lower subtraction modification for those that adopt children who are not residents of the State.

Once again, I respectfully request a favorable report of Senate Bill 141 to further support Maryland residents growing their families through adoption.

Sincerely,

A handwritten signature in black ink that reads "Sarah Elfreth".

Sarah Elfreth

¹<https://www.adoptuskids.org/adoption-and-foster-care/how-to-adopt-and-foster/state-information/maryland#:~:text=live%20in%20Maryland-.Information%20on%20Maryland's%20children,are%20legally%20free%20for%20adoption.>

Senate Bill 141 - Favorable - MARFY.pdf

Uploaded by: Therese Hessler

Position: FAV

Wednesday, January 25, 2023

Senate Bill 141

Income Tax – Subtraction Modification for Adoption Expenses – Alterations

Senate Budget & Taxation Committee

Position: FAVORABLE

The Maryland Association of Resources for Families and Youth (MARFY) is an association of private child caring organizations providing foster care, group homes, and other services through more than 200 programs across Maryland. The members of MARFY represent providers who serve Maryland's most vulnerable children who are in out of home placements due to abuse, neglect or severe mental health, and medical needs. We operate group homes, treatment foster care programs and independent living programs, primarily serving the foster care population as well as the juvenile services population.

The subtraction modification specific to adoption under the Maryland income tax helps qualifying taxpayers offset some of the costs of adopting a child. To give some background, although the credit may be claimed for nearly all types of adoptions (excluding the adoption of a spouse's child), there are some special rules related to claiming the credit for international adoptions and for adoptions of children with special needs. A special needs child for the purposes of the adoption tax incentive does not necessarily mean the child has a medical condition or a disability. Instead, for the purposes of these tax benefits, special needs adoptions are the adoptions of children whom the state child welfare agency considers difficult to place for adoption. (The definition of "special needs" for purposes of adoption tax benefits is largely the same as "special needs" for purposes of the Federal Adoption Assistance Program that is included in Title IV-E of the Social Security Act.) It was found that 81.3% of foster care adoptions (i.e., domestic public adoptions) are special needs adoptions, but few other adoptions are special needs adoptions.¹

Some family's decisions to adopt may not be heavily influenced by financial incentives, as it has to do heavily with personal issues or beliefs. However, the current adoption tax benefits may simply be too small in comparison to the actual costs of adoption to encourage families to adopt.

It is important that children and families do more than survive. They should thrive. Adoption assistance is an important tool to encourage the adoption of children and youth in foster care who cannot return home. In a survey by Children's Rights, 81 percent of pre-adoptive and adoptive parents said that adoption assistance was important to their decision to adopt, and 58 percent said

they could not adopt a foster child without this support that helps them meet the child's special needs. The same study cited inadequate subsidy support as one of the two most critical barriers to adopting from foster careⁱⁱ. Therefore, it is understood that a lack of adoption assistance seriously affects a child's ability to find a permanent family. Solving this issue is critical as adoption provides children with stability, continuity, and long-term family connections; assists children in developing a positive self-image; and provides family support and connections upon which children can rely into adulthood.ⁱⁱⁱ **It is for these reasons, we urge a favorable report on Senate Bill 141.**

For more information call or email:

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